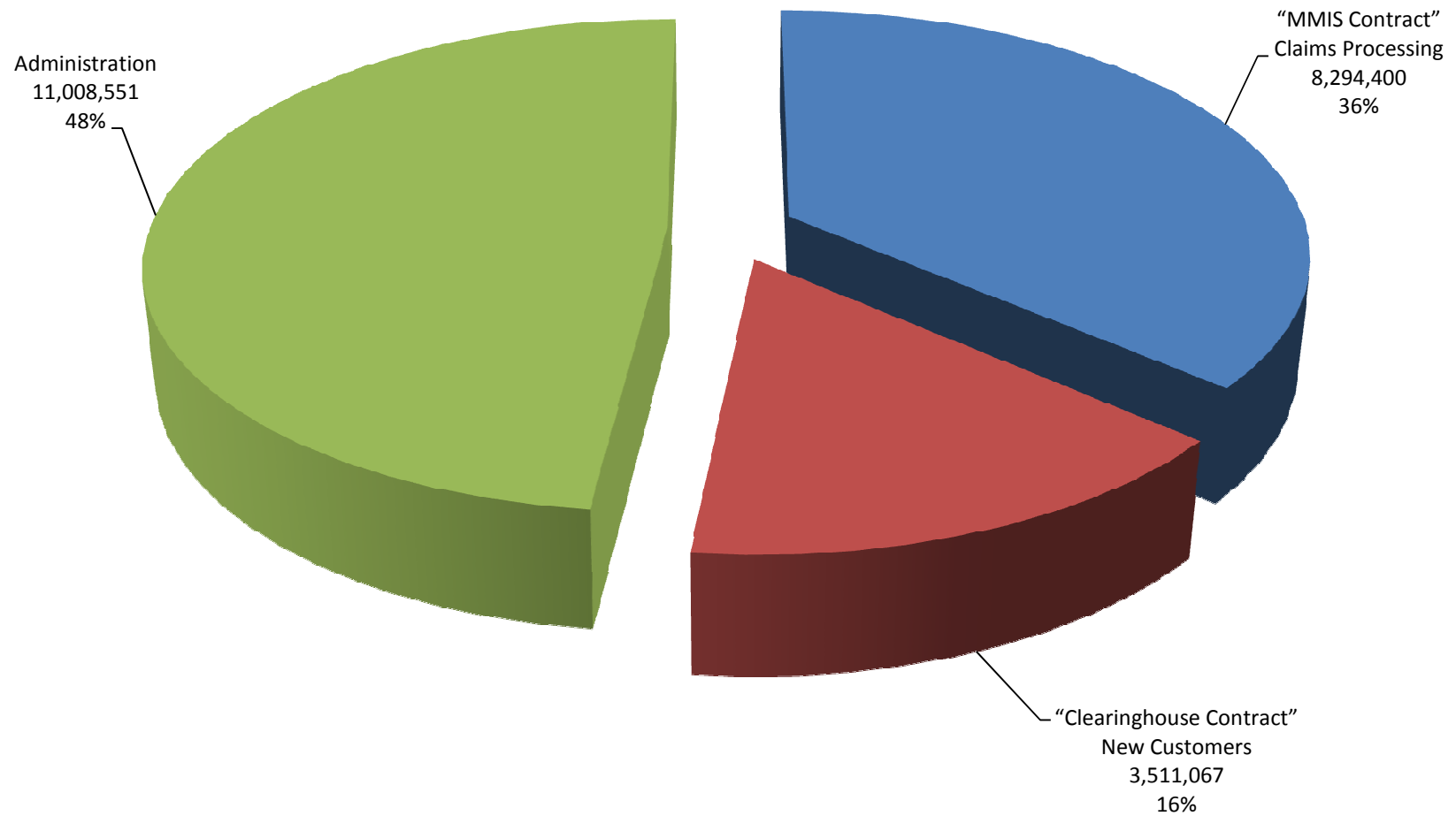




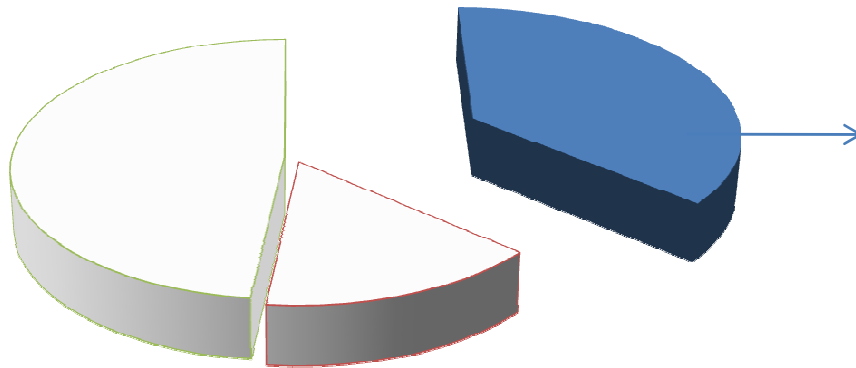
DRAFT

KHPA FY 2010 Operating Budget (SGF)  
Presented to the Board May 19, 2009

**KHPA Operational Budget**  
**Base = FY 2009 Budget: \$22,814,018 (SGF)**

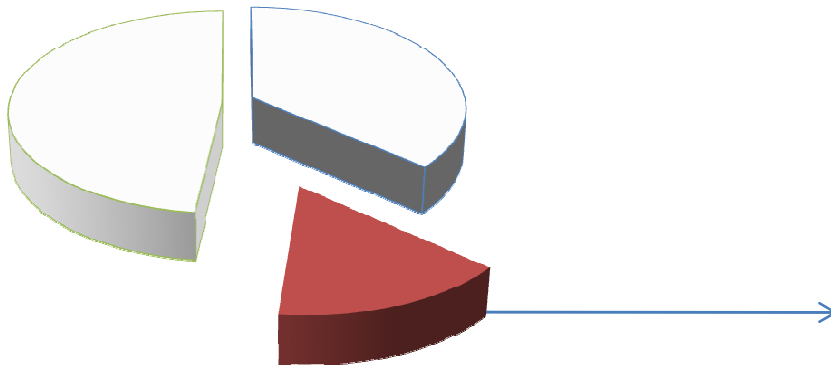


## KHPA Functions at a Glance: Claims Processing (\$8.3 Million)



- Medicaid Management Information System (MMIS) - federal mandate: data processing system that manages claims and payments; assures compliance with state plan
- Surveillance Utilization Review Subsystem (SURS) - federal mandate: identifies waste, fraud and abuse
- Payment Error Rate Measurement (PERM) – federal mandate; assures program integrity
- Customer and Provider Service Call Centers: answer calls from providers, beneficiaries with billing, eligibility and other questions.
- FY 2009: Processing avg. 1.5 million claims per month
- Disbursing avg. \$197 million per month in payments to providers
- Call Centers handling 21,127 incoming calls per month
- Outsourced to independent contractor
- Most costs fixed: volume-based contract

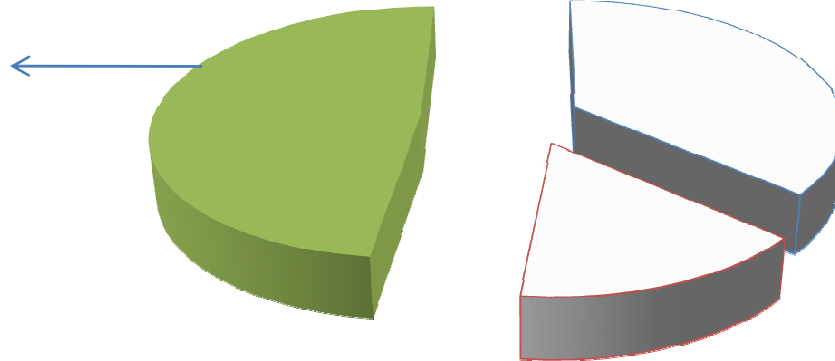
## KHPA Functions at a Glance: Clearinghouse (\$3.5 Million)



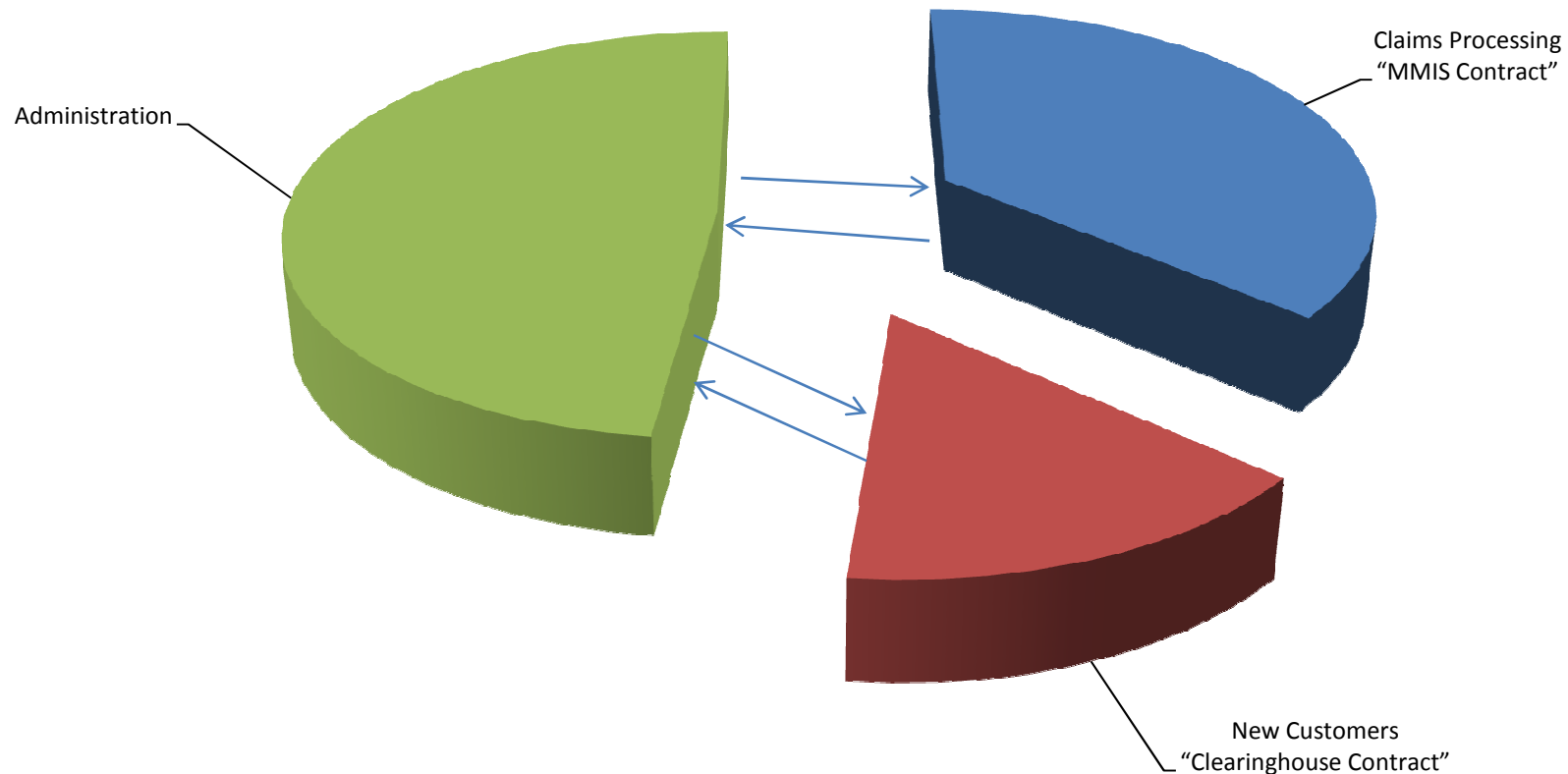
- Processes Medicaid and SCHIP applications for coverage: federal mandate to process an application within 45 days
- Similar to a “sales” department in private sector
- Issues new policies
- Screens applicants for eligibility
- Unified application process: One application for family; screens for all eligible services
- Workload fluctuates with economy
- Majority of work outsourced
- FY 2009 – Receiving an average of 10,736 applications and reviews per-month
- ***Backlog of applications already growing as economy worsens***

## KHPA Functions at a Glance: Administration (\$11 Million)

- Finance and Operations: budget; accounting; financial reports; purchasing
- In-house eligibility and claims processing (required by federal law)
- Actuarial Analysis: data evaluation; risk assessment; long-range planning
- Program management: quality improvement; risk management; cost control
- Human Resources
- Information Technology
- Legal Services
- Governmental and Stakeholder Relations
- Communications/Public Relations
- Physical Plant: rent; utilities; equipment; supplies



# KHPA: Agency Function Interaction



Only portions of Claims Processing and Clearinghouse functions are outsourced. Federal law requires significant involvement/oversight by KHPA staff (for example, final eligibility determination for Medicaid/SCHIP must be made by a state employee, not by a contractor) .

## KHPA Operational Budget Distribution of FY 2010 Budget Cuts = Total Cut 15.47%

